



Ontario

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Financing for Tourism Growth

Government
Publications



Ministry of
Tourism
and
Recreation

Province of Ontario
Queen's Park
Toronto, Canada
M7A 2R9



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Back Pocket

"FINANCING FOR TOURISM GROWTH" (1987)
UPDATE - OCTOBER/1987

Page 20: Contact:

Ministry of Tourism and Recreation
Tourism Development Branch
77 Bloor Street West
10th Floor
TORONTO, Ontario M7A 2R9
Telephone: (416) 965-4255

Page 21: C. Publications

1. Ontario Ministry of Tourism and Recreation

The following publications are out of print and presently not available:

- Marketing Manual for Tourism Operators
- Swimming Pools
- Ski Resorts
- Timesharing in the Tourism Industry
- Checklist for Tourism Project Evaluation
- Feasibility Studies for Recreation Facilities
- Planning for Profit II - Guide to Financial Management

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5. Tourism Canada

The following publications are out of print and no longer available.

- Planning Festivals and Events
- Planning Canadian Campgrounds
- A Perspective of Canada's Private Campground Industry
- Planning Seasonal Tourist Accommodation

- The publication "Tourism is your Business", a 2-part manual and study guide is currently available, at a cost of \$35.00 (plus \$3.00 shipping and handling), from:

Canadian Hotel and Restaurant
MacLean Hunter Building
777 Bay Street
TORONTO, Ontario
M5W 1A7

Telephone: (416) 596-5786

- The telephone number for Tourism Canada's Tourism Development Branch in Ottawa is:
(613) 954-3902
- The Ontario Regional Office number is:
(416) 365-3737

SECTION 1 : HOW TO APPROACH SOURCES OF FUNDS

A. General Guidelines

1. Start early enough. It takes at least six weeks for most sources of capital to make a decision. Also, it may take several months for you to identify the most appropriate sources.
2. You will impress people more with a thorough, complete presentation than with a fancy one.
3. You may use the help of your accountant and advisors, but you, the owner-manager, must prepare the material and be thoroughly familiar with it.
4. Because the financial community is skeptical of the success of accommodation and food service facilities, it is particularly important that your loan request include all the relevant facts presented in a well-organized manner.
5. The factors to emphasize depend on the source you are dealing with. Ratios (debt/equity or inventory turnover, for example) and past performance carry more weight with banks than the future does; long-term lenders are more interested in a description of the physical assets to be pledged; venture capital stresses management, markets and future performance, etc.
6. Of course, there are risks in every venture. Show that you recognize and understand them.
7. Remember, if your first attempt is not successful, you'll need essentially the same material with everyone else you approach.
8. State what you want early in your presentation, but be willing to compromise.
9. Be prepared and confident. You have to sell yourself as well as your ideas. Style and content are almost equally important.

B. Applying for a loan

1. Loan Application

Most institutions require you to fill out a preliminary "application for loan" document before any formal interviews with their loan officers. This allows them time to review each request and gather information. It also permits them to screen out applications that do not qualify. You should, therefore, first find out if such an application is required.

2. The Formal Appointment

If you don't get a call from the company, call them yourself to arrange an interview. Give them time to become familiar with your application. This demonstrates a businesslike understanding of tight schedules, both the lender's and your own.

3. The Presentation

Present your proposal logically. If the loan officer leads the conversation, which often happens when no loan application is required, you can expect the questions to follow the order you have prepared them.

Make full use of your photographs, plans and models, as they will have considerable impact.

Aside from the immediate benefit of getting the money you need, a professional presentation sets the tone of your future relationship with your backers. It establishes the credibility and good credit that a healthy business needs.

Be prepared for many meetings.

C. What most lenders want to know

1. Will the profits be high enough to repay the loan?
2. What is the duration of the loan?
3. What personal or corporate guarantees are there?
4. Will the operation have acceptable, qualified management?
5. Has there been a certified appraisal of property to assess the current value of the land and buildings?
6. Will there be audited financial statements and uniform accounting procedures applied to measure profit?
7. What is the extent of the risk? In other words, how much is required in relation to the total asset value?
8. What are the past performance and/or future projections of the business?
9. What do the facilities and furnishings look like?
10. What are the recommendations of a feasibility or market study prepared by a qualified, independent third party?
11. Does the borrower have enough equity in the project?

D. What to include when preparing your presentation

1. Background information

This is information about you, your existing or potential company, and your professional advisors. If your business is a proprietorship, you should supply information on your education, experience and accomplishments. In the case of a partnership or company, you should also state the names and interests of all partners or the names and holdings of all shareholders. Some lenders may also require personal resumes of major partners or shareholders.

Regardless of the form of ownership, you should always supply the names and addresses of your bank, accountant and solicitor, and a list of financial institutions to which your loan application has been submitted.

Existing businesses are normally required to provide the following additional information:

- A brief history of the company
- Financial statements for the last 3 years
- Details of the current financial position including specific information on:
 - accounts receivable
 - accounts payable
 - inventory (if applicable)
 - fixed assets
 - short and long-term debt
 - special accounts

2. Loan amount, purpose and term

State the exact amount you need and the time period required for repayment.

Outline the proposed project. Describe in detail:

NEW DEVELOPMENT

- a) The site and its location
- b) Legal description
proof of ownership;
by-laws;
Zoning Board permission;
copies of leases or contracts
affecting the application
- c) The facilities to be provided.
- d) The type of clientele
anticipated.
- e) The methods of operation and
policies to be implemented.
- f) The benefits of the project
to the local and/or area
economy.
(For public lenders only)

EXPANSION OR UPGRADING

- a) The site and its location.
- b) Legal description:
proof of ownership;
by-laws;
Zoning Board permission;
copies of leases or contracts
affecting the application.
- c) The facilities to be provided.
- d) The type of existing and new
clientele, if applicable,
anticipated as a result of the
proposed project.
- e) The existing and new methods
of operation (if applicable)
to be implemented as a result
of the proposed project.
- f) The benefits of the project
to the local and/or area
economy.
(For public lenders only)

Where possible, this information should be visually supported with local maps, plot plans, aerial photographs, space area requirements, preliminary building and floor plans, well-built scale models, etc.

3. The Opening Balance Sheet (or capital budget statement)

This financial statement, sometimes called a pro-forma (projected) balance sheet, indicates the total estimated project cost and the proposed sources of financing. The format should be similar to the following.

ESTIMATED PROJECT COSTS (ASSETS)

| | |
|--------------------------------------|----------|
| Land | \$ _____ |
| Building | _____ |
| Furniture, Fixtures and equipment | _____ |
| Operating Equipment | _____ |
| Professional Fees | _____ |
| Cost of Interim financing | _____ |
| Working Capital | _____ |
| Pre-opening Expenses | _____ |
| Provision for contingencies | _____ |
| Total Cost of Project: | \$ _____ |

SOURCES OF FINANCING (EQUITY/DEBT)

| | |
|--|----------|
| Capital to be invested by owners | \$ _____ |
| Mortgage on land and buildings at ____% | _____ |
| interest | _____ |
| Chattel mortgages on furniture, fixtures and equipment | _____ |
| Other loans | _____ |
| Details: | |
| Total Financing: | \$ _____ |

Land

Purchase Price:

If the land has not been purchased, give the asking price, assessment or prevailing land costs. If the land is owned but mortgaged, include the outstanding principal, interest, and other conditions.

Leasehold Costs:

These apply in the case of a purchased lease or where substantial amounts have been paid to obtain a lease.

Market Value:

If the land is owned outright with no mortgages, its current market value represents part of your equity in the project. If you show the market value as a cost item, i.e. "land (owned)", as well as part of "capital to be invested by owners", it may improve your eligibility and increase the amount you may borrow.

Site Development or Leasehold Improvements:

These are the costs of bringing roads and utilities to the site, parking lot construction and preparing the site for your facilities, for example, grading, clearing, levelling, rock excavation, general landscaping, etc.

Building:

Construction or Leasehold Improvements:

These include the costs of building materials, mechanical equipment, labour, permits, site plan approvals and other carrying costs during construction. Also included are the costs of construction and landscaping for recreational facilities, for example, swimming pools, tennis courts, etc. Estimates can come from contractors' direct tender or local costs for similar projects.

Furniture, Fixtures and Equipment:

Costs for dining room, bar, kitchen, administrative and public areas, guestrooms, etc. should be shown separately. Include all details. Estimates can be obtained from furnishing companies, architects and interior designers who specialize in the hospitality industry.

Operating Equipment and Supplies:

Such short-life items as china, glassware, cutlery, cookware, utensils, uniforms and guest supplies should be listed here.

Professional Fees:

All fees paid during pre-operational period to lawyers, accountants, management or hospitality consultants, architects, designers, etc. should be included.

Cost of Interim Financing:

Interim Financing is required during construction for interest charges on the accumulated total until the start of permanent financing, for progressive payments to contractors, and for insurance. It is taken in a series of predetermined draws from a financial institution.

Working Capital:

This is the money required to cover the day-to-day operation of your business - such costs as wages, inventory, supplies and other cash disbursements.

Pre-opening Expenses:

Staff training, payroll, pre-opening inventory, advertising and sales promotion, etc. are included here.

Provision for Contingencies:

This allows for inaccuracies in estimation, overlooked items and charges during construction. Generally, a cost overrun of 20-25% can be expected.

The items listed under "SOURCES OF FINANCING" are self-explanatory. Remember that the total project costs must always equal the total financing, because the total assets equal the total equity plus the debt.

Finally, you should always include the following supplementary information with the opening balance sheet:

- a) Clearly indicate which costs are firm and which are based on estimates only. If a general contractor has provided a figure for the total construction and has signed the offer, it is considered a firm cost. Anything else is an estimate.
- b) If you are using any other loans, give the source and status of each. Keep in mind, however, that most lenders expect that a minimum of 25% of the total project cost will be invested by the owner.

4. The Marketing/Feasibility Study

The purpose of this study is to discover your project's potential: its marketability and financial viability. Ultimately it will quantify the existing and potential demand for your project. The financial projections to be covered in the following sections are based on such documented market demand.

Because these are the most crucial and complex components of your loan package, you should not be surprised if the lender asks that the entire study be done by an independent third party, such as a reputable hospitality consultant. In fact, the reputation of a consultant may add to the credibility of your proposal, but it is not everything, so be cautious. Changes in senior staff could make a formerly reputable firm unreliable. Find out who will actually undertake the study and thoroughly verify that person's qualifications. Find out exactly what you will get (detail, documentation, etc.) for your money.

The study should cover the following:

- a comprehensive evaluation of the area's present and future economy
- a detailed site evaluation (size, status, access, visibility, signing, planned road developments, traffic counts, etc.)
- a detailed market study (major attractions, existing and proposed competition, etc.)
- a quantified demand projection (existing and potential, suggested size of facility, pricing)
- recommendations on advertising/promotional strategy, merchandising methods, type of management, staffing, theming, decor, equipment expansion considerations, etc.
- a pro-forma statement of income and expenses
- cash flow projections (loan repayment schedule)

Actually, you can do the groundwork yourself. This will not only give you a better understanding of your market, it can also save you money. You can get most of the information you need from Chambers of Commerce, regional and provincial tourism and visitor bureaus, municipal offices, provincial departments of transport, local industry leaders, and, possibly, the competition.

5. Pro-Forma Statement of Income and Expenses

This reflects the management's expectations of the state of business at a particular time in the future. This statement, normally required to cover the first 5 years of operation, is to show the lender that your operation will make enough to pay the loan, your normal expenses and a return on your equity investment.

For example, here is the Pro-forma Statement of Income and Expenses for "ABC" Motel, Year 1 - Year 5.

"ABC MOTEL"
PRO-FORMA STATEMENT OF INCOME AND EXPENSES
YEAR 1 - YEAR 5

| | Year | % | Year | % | Year | % | Year | % | Year | % |
|---|------|---|------|---|------|---|------|---|------|---|
| | 1 | | 2 | | 3 | | 4 | | 5 | |
| GROSS REVENUES | | | | | | | | | | |
| Rooms | | | | | | | | | | |
| Food | | | | | | | | | | |
| Liquor | | | | | | | | | | |
| Beer | | | | | | | | | | |
| Telephone | | | | | | | | | | |
| Other | | | | | | | | | | |
| TOTAL | | | | | | | | | | |
| DEPARTMENTAL EXPENSES (1) | | | | | | | | | | |
| Rooms | | | | | | | | | | |
| Food | | | | | | | | | | |
| Beverage | | | | | | | | | | |
| Telephone | | | | | | | | | | |
| Other | | | | | | | | | | |
| TOTAL | | | | | | | | | | |
| GROSS OPERATING INCOME | | | | | | | | | | |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | |
| Administrative and General | | | | | | | | | | |
| Marketing | | | | | | | | | | |
| Energy | | | | | | | | | | |
| Property Operation & Maintenance | | | | | | | | | | |
| TOTAL | | | | | | | | | | |
| INCOME BEFORE FIXED CHARGES (HOUSE PROFIT) (2) | | | | | | | | | | |

"ABC MOTEL"
PRO-FORMA STATEMENT OF INCOME AND EXPENSES
YEAR 1 - YEAR 5

**CAPITAL EXPENSES
(OR FIXED CHARGES) (3)**

| | Year | % | Year | % | Year | % | Year | % | Year | % |
|-----------------------------------|------|---|------|---|------|---|------|---|------|---|
| | 1 | | 2 | | 3 | | 4 | | 5 | |
| Fire Insurance | | | | | | | | | | |
| Rent or Lease | | | | | | | | | | |
| Realty and Business Taxes | | | | | | | | | | |
| Reserve for Asset Replacement | | | | | | | | | | |
| Interest Expense | | | | | | | | | | |
| TOTAL | | | | | | | | | | |
| INCOME BEFORE INCOME TAXES | | | | | | | | | | |
| Income Tax | | | | | | | | | | |
| NET INCOME (LOSS) FOR YEAR | | | | | | | | | | |

1. Shown as percentages of total gross revenues. Departmental cost and expense items, however, are usually shown as percentages of the appropriate departmental gross revenue, and are accordingly marked and footnoted.
2. As house profit does not include capital expenses, over which the operating management usually has little control, the ratio of house profit to total revenue is an important measure of operating efficiency.
3. Your accountant and/or hospitality consultant can advise you on capital expenses. In some cases, they are calculated by the lending institution.

6. Repayment Plans - Cash Flow Projections

Pro-forma statements of income and expenses are vital to a lender, but they do not show how a business expects to move from the present into the future. This comes from the flow of cash - the indicator of the business's health and the proof of your company's ability to repay its debts.

Cash flow planning estimates, for a specific period of time in the future, all sources and uses of the cash available to a business, and provides for cash deficits and expenses. If a business is to continue, it must have available cash. A firm can earn considerable profits, but if they are tied up in inventory, receivables or other non-cash assets, the company will run into financial difficulty.

Cash plans, therefore, aid management to determine current cash requirements and to estimate long-term financial needs for improvements, replacements, expansion or renovation programs.

Normally, cash projections are made for no longer than a year. However, lenders may ask for cash flow projections for the first 2 or 3 years of operation.

The short-term cash plan or cash budget is prepared annually, broken down by quarters and months. Although the cash forecast may be made at the beginning of each month, it is more useful when projected monthly over a year.

Cash budgets are fairly simple statements which can be prepared with limited knowledge of accounting techniques or forecasting methods.

An example of such a cash flow forecast follows.

SAMPLE CASH FLOW FORECAST FOR TOURIST INDUSTRY continued...

| | <u>1st</u> | <u>2nd</u> | <u>3rd</u> | <u>4th</u> | <u>5th</u> | <u>6th</u> | <u>7th</u> | <u>8th</u> | <u>9th</u> | <u>10th</u> | <u>11th</u> | <u>12th</u> | <u>TOTAL</u> |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|--------------|
| <u>SUBTRACT</u> | | | | | | | | | | | | | |
| <u>DISBURSEMENTS</u> | | | | | | | | | | | | | |
| <u>OF CASH - for:</u> | | | | | | | | | | | | | |
| 1. Payroll | | | | | | | | | | | | | |
| 2. Rooms, Campsites, Boat/Dockate/ Storage | | | | | | | | | | | | | |
| 3. Food and Beverage Facilities | | | | | | | | | | | | | |
| 4. Maintenance | | | | | | | | | | | | | |
| 5. General Expenses | | | | | | | | | | | | | |
| 6. Furnishings and Equipment | | | | | | | | | | | | | |
| 7. Fixed Assets | | | | | | | | | | | | | |
| 8. <u>Repayment of</u> <u>loans</u> | | | | | | | | | | | | | |
| 9. Other | | | | | | | | | | | | | |
| Total cash received: | | | | | | | | | | | | | |
| <u>CASH BALANCE</u> | | | | | | | | | | | | | |
| at end of period | | | | | | | | | | | | | |

CASH BALANCE - At First of Period

The figures shown for the first month should agree with the financial statements at the beginning of the fiscal year.

SOURCES OF CASH - Estimated Cash Receipts

- | | |
|--------------------------|--|
| 1 Rentals | Estimate daily occupancies and show anticipated receipts by weekly or monthly period. Seasonal activities and public holidays should be considered. |
| 2 Dining Room | Show the projected number of meals multiplied by an average guest check, calculated for each meal period. 1. Include the seating capacity, service type (for example, buffet table d'hote) and average dining time in the calculation. 2. Where more extensive dining facilities are planned in expectation of significant sales from non-house guests, a more detailed demand analysis will be necessary. |
| 3 Lounge/Bar | This should be based on experience of previous operation, results of market studies and/or area averages. Allow for live entertainment, weekend/holiday trade, and the composition of your clientele — purpose of travel (commercial vs. family vacation), age, socio-economic background. |
| 4 Gift Shop/Store | Project sales based on the number of guests, the type of merchandise and the store's past performance. |
| 5 Boats, Motors, etc. | Show the anticipated proceeds from repairs, maintenance and/or sale. |
| 6 Services, Guides, etc. | Advance bookings for special parties, promotional programs and seasonal requirements, such as fishing or hunting, should be considered. |
| 7 Other | Explain in detail. |

DISBURSEMENTS OF CASH - Estimated Cash Disbursed

- | | |
|-----------|---|
| 1 Payroll | Base this estimate on the number of employees, allowing for holiday peaks and special events. |
| 2 Rooms | List laundry, cleaning materials, soaps, detergents, current purchases of bedding and all other items necessary to make up rooms daily. |

| | |
|-----------------------------|--|
| 3 Food and Beverage | Show food and beverage costs as a percentage of the estimated food and beverage sales. Management expertise, contract/bulk purchase prices and inflationary trends should be considered. |
| 4 Maintenance | Include building repairs, landscaping and costs involved in keeping premises in good order. |
| 5 General Expenses | Advertising, travel, insurance premiums and office expenses should be set out in a separate schedule. These bills must be paid regularly and included in the cash flow forecast. |
| 6 Furnishings and Equipment | Requirements for cutlery, dishes, utensils, etc. are planned well in advance with the cost determined by agreement. |
| 7 Fixed Assets | The decision to purchase such fixed assets as buildings, docks, boats, vehicles, etc. is usually known in advance. |
| 8 Repayment of Loans | This is the agreed principal and interest due for the period. |
| 9 Other | Explain in detail |

4. CASH BALANCE - At End of Period

This is the total of the anticipated receipts minus the expected disbursements. Carry forward the Balance at End of Period to the next period as its Balance at First of Period. Repeat this for the remaining periods of the year. Show any deficits in brackets.

NOTE: Larger hospitality consulting firms and some trade associations regularly compile and publish provincial and/or national industry statistics. Such reports usually cover: current average occupancy levels; percentages of double occupancy; food and beverage sales per seat; seat turnovers per meal period; various cost and expense items as percentages of departmental and total gross revenues. Study these averages if you wish, but use them as broad guidelines for comparison only. Remember that yours is a specific project and your loan package must document your projections, not an average. Lenders always look for substance behind your figures. Unsubstantiated statements are easy to spot.

Lenders differ in their requirements of the number of years to be covered. Most will be satisfied, however, with a detailed cash budget covering the first year of operation because:

- a) Long-term cash planning on a month-by-month basis is not as effective due to the time lapse between current expectations and actual results.
- b) Annual cash flow is defined as income (loss) after income taxes for the year plus depreciation for the year minus the loan principal repayment for the year. Lenders can easily estimate your long-term cash position from your completed pro-forma statement of income and expenses. Here is an example:

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|-----------|-----------|-----------|-----------|-----------|
| INCOME (LOSS) AFTER INCOME TAXES FOR YEAR | | | | | |
| ADD: DEPRECIATION | | | | | |
| DEDUCT: PRINCIPAL REPAYMENT | _____ | _____ | _____ | _____ | _____ |
| CASH FLOW FOR YEAR | ===== | ===== | ===== | ===== | ===== |
| ----- | | | | | |

These calculations are simple, so make them yourself. Don't expect the loan officer to do them. Using your cash flow estimates you will be able to study and analyze the lending markets to find the lowest interest rate and consider the security required.

7. Security Offered for the Loan

Your funding needs can be divided into two main types of borrowed funds:

Short-Term Financing

The loan matures in less than one year. It is required to finance daily operating costs and current assets such as inventory, accounts receivable and other working capital needs. It is usually covered by a demand note at the bank - or a "line of credit" - and fluctuates weekly or monthly as needed. The loan amount is usually minimal, as is the security required. For the purpose of this manual, this type of financing has little relevance.

Long-Term Financing or Term Loans

Usually a Term Loan has a maturity of from one to ten years. It is used for purposes which cannot be adequately covered by short-term, unsecured loans.

There are a number of specific uses for Term Loans, such as:

- to assist in establishing a new business
- to purchase an existing business
- to purchase new equipment
- to provide additional (emergency) working capital
- to provide funds to retire a bond issue or outstanding preferred stock.

Security for Term Loans can be:

- a mortgage on property or chattel
- a floating charge on other assets
- personal guarantees

In addition to the usual requirements of a loan agreement, the Term Loan Agreement may impose one or more of the following limitations on the borrower:

- to maintain a specified minimum of working capital
- to provide certified financial statements at periodic intervals
- assurance that the borrower is not in default
- not to alter the share structure without the lender's consent
- a limitation on dividends or redemption of capital stock
- to refrain during the term of the loan from:
 - selling the company or its assets
 - creating new debt except as agreed
 - guaranteeing or becoming surety for others
 - making capital expenditures except as agreed
 - selling receivables
 - making loans or advances to others
 - granting drawings or benefits to others
 - purchasing other than government securities
 - etc.

Your ability to repay the loan is the best security for the risk that a term-money lender takes.

If your loan application on its own merits is only a borderline case, you may influence the decision in your favour by providing collateral security or a personal guarantee. List the assets you possess, such as marketable stocks or bonds, etc. Be prepared. Decide in advance the maximum that you are willing to offer.

8. Checklist For Your Presentation Package

- ☐ Background information: personal resume; form of organization; principals; results of previous operation.
- ☐ Amount and purpose of the loan, and term or period for which it is required.
- ☐ Opening balance sheet or capital budget statement.
- ☐ Pro-forma (projected) statement of income and expenses.
- ☐ Repayment plan - cash flow projections.
- ☐ Security offered for loan.
- ☐ Visual presentation - maps, photographs, floor plans, scale models, etc.
- ☐ Statement that you will provide other relevant data upon request.

E. Developing Good Lender Relationships

- Give the bank manager all necessary information for head-office approval of your loan.
- Annually arrange a line of credit to meet your peak requirements but borrow only what you need, when you need it.
- Adjust the loan level as your actual requirements change.
- Make realistic payment commitments and honour them.
- Avoid overdrafts.
- Be prepared to provide security for the loan.

SECTION 2 : SOURCES OF TECHNICAL ASSISTANCE

A. Ministry of Tourism and Recreation

Field Offices

The Ministry of Tourism and Recreation has field offices throughout Ontario. Our Tourism Business Consultants in these offices are available to discuss your needs and to identify the areas where we can help you.

Our consultants can provide assistance in these specific areas:

1. Finance

We can:

- help you in preparing effective financing presentations for your banker, other lending institutions or potential investors.
- introduce you to Ontario's three development corporations, which encourage economic development by financing new business expansion and upgrading. We can help you to complete applications for such financial assistance.
- provide information about other provincial and federal financing and how to apply.
- introduce you to potential investors and new investment opportunities.

2. Marketing

We can assist you in:

- developing complete marketing plans.
- keeping informed about potential markets, domestic and foreign.
- keeping up-to-date on provincial marketing campaigns and relating them to your promotions.
- preparing advertising campaigns, brochures and press releases.
- using the Ministry's Visit Ontario Program which gives foreign journalists guided tours of Ontario's attractions.
- preparing travel-trade packages and working with agents and wholesalers.
- designing booths for and participating in sport and trade shows.
- participating in foreign trade shows.
- making municipalities aware of the benefits of tourism.

3. Operations

We can help you to:

- develop training programs for management and staff.
- get the most from your operation - food and beverage, sales, front desk, etc.
- evaluate expansion plans.
- stay informed about energy-saving programs.

4. Advocacy

Policies, plans and regulations at all levels of government affect your operation. But, on your own, you have limited power to influence government decisions. We'll listen to you, and if you present a valid case, we'll speak on your behalf to make your views heard.

We can help by:

- assessing the impact of provincial government plans on the tourism industry.
- presenting your concerns to the appropriate provincial government agencies.
- lobbying for you on official municipal plans and bylaws.
- stating your views on resource management and land use to provincial and federal departments.
- increasing awareness of the importance of tourism among all levels of government.

Where to Get Help

You can contact one of our Tourism Industry Consultants at the Field Office in your area. See the Blue Pages in your phone book under "Ontario Ministry of Tourism and Recreation."

Tourism Development Branch

The mandate of the Tourism Development Branch is to improve existing tourism business, and to develop future operations. Working closely with the Field Offices, this branch can help you in these areas:

- preliminary consulting services for potential tourist operators who have not selected a project site.
- technical information and material on many aspects of the tourism business. This service is free and available to both potential and existing tourist operators who want to improve their operational and management skills.

Contact:

Ministry of Tourism and Recreation
Tourism Development Branch
77 Bloor Street West
8th. Floor
Toronto, Ontario
M7A 2R9
(416) 965-1542

B. Provincial Tourism Trade Associations

Trade Associations do not normally provide consulting services to non-members. However, their considerable business experience and thorough market knowledge may prove valuable to potential tourist operators who need advice on location, competition, properties for sale, training programs, etc. It may also be worthwhile to investigate the benefits available to members.

Ask your Ministry of Tourism and Recreation representative for current mailing addresses and phone numbers. The following are most of the Trade Associations representing Ontario's Tourism Industry:

ONTARIO RESTAURANT AND FOODSERVICES ASSOCIATION (ORFA)

ONTARIO HOTEL AND MOTEL ASSOCIATION (OHMA)

ACCOMMODATION MOTEL ONTARIO (OMOA)

NORTHERN ONTARIO TOURIST OUTFITTERS (NOTO)

ONTARIO SKI RESORTS ASSOCIATION (OSRA)

RESORTS ONTARIO (RO)

ONTARIO MARINA OPERATORS' ASSOCIATION (OMOA)

ONTARIO PRIVATE CAMPGROUNDS ASSOCIATION (OPCA)

TOURISM ONTARIO (A Federation of Trade & Travel Associations)

ONTARIO ASSOCIATION OF CONVENTION BUREAUS (OACB)

ATTRACTIONS ONTARIO

In addition, some opinion on the demand/marketability of your proposed project may be obtained from your region's Ontario Travel Association or your local Visitors and Convention Bureau, Chamber of Commerce, etc.

C. Publications

1. Ontario Ministry of Tourism and Recreation

Additional manuals, free of charge (subject to availability):

“Expansion Planning”

“Recordkeeping for Financial Planning - the Key to Tourism Management”

“Marketing Manual for Tourism Operators”

“The Business of Group Business”

“The Front Desk Business”

“Swimming Pools : A Guide for the Development and Operation of Swimming Pools in Tourist Establishments”

“Marinas : A Guide for the Development and Operation of Recreational Boating Facilities”

“Ski Resorts”

“Outpost Camps”

“Timesharing in the Tourist Industry”

“Checklist for Tourist Project Evaluation” (over 100 factors from orientation/site analysis to economic feasibility)

“Register of Architects” (A list of Ontario architects, planners and builders experienced in the design and construction of tourism facilities)

“Feasibility Studies for Recreation Facilities” (Intended for the public sector, but its overall approach to determining feasibility is a good guide for tourist operators)

“Planning for Profit - A Marketing Manual for Tourist Operators”

“Planning for Profit II - Guide to Financial Management”

2. Ontario Development Corporations

“Accounting By Numbers” (A simplified account book for tourist operators. Free of charge)

3. Ontario Ministry of Natural Resources

"Cross-Country Ski Trail and Facility Design Manual"

Source: Ontario Ski Council

1220 Sheppard Avenue

Toronto, Ontario

M1B 3G1

(416) 495-4210

There is a cost for this publication.

4. Energy, Mines and Resources Canada

"Enerfacts - Home Energy Conservation Checklist"

"Combustion Air"

"Energy Conservation for the Hospitality Industry"

"Energy Accounting Manual"

"Canadian Directory of Energy Conservation Products and Supplies"

"Planning and Management Guide" - for Industry, Commerce and Institutions

"Profit by Conserving Energy in Your Restaurant"

"First Steps to Energy Conservation for Business"

"Billpayers Guide to Heating Systems"

"Keeping Heat In"

"Managing Your Energy Dollars"

5. Tourism Canada

"The Inn Business" (Essential for owners/managers of small to medium-sized accommodation establishments)

"Design in Tourism: Accommodation"

"Design in Tourism: Restaurants"

"Canadian Menu Manual"

"Planning Festivals and Events"

"Planning Canadian Campgrounds"

"A Perspective of Canada's Private Campground Industry - Planning for the 80's"

"Planning Seasonal Tourist Accommodation"

"Directory of Courses: Tourism/Hospitality/Recreation"

"Resources for Tourism/Hospitality/Recreation"

"Careers Guide to the Tourism/Hospitality/Recreation Industry"

"Tourism is Your Business"

Manuals are free of charge.

Source: Tourism Canada
Tourism Development Branch
235 Queen Street, 4th Floor East
Ottawa, Ontario
K1A 0H6
(613) 995-0001

or

Tourism Canada
Ontario Regional Office
First Canadian Place, Ste. 4840
C.P. 98
Toronto, Ontario
M5X 1B1
(416) 369-4951

6. Federal Business Development Bank

"Minding Your Own Business" Series

"Financial Management for Small Businesses"
(Pocket Book Volume 1)

"Buying a Franchise" (Pamphlet 20)

"Buying or Starting a Restaurant" (Pamphlet 21)

"Controls for Your Restaurant" (Pamphlet 22)

Source: Federal Business Development Bank
Management Services
204 Richmond Street West, 5th Floor
Toronto, Ontario
M5V 9Z9

or

Any branch of the bank

SECTION 3 : NON-GOVERNMENT SOURCES OF FUNDS

A. Chartered Banks

Short-Term Loans, Mortgages

Banks usually have rather stringent lending policies. Commercial banks use the same lending criteria for the hospitality/tourism industry as they do for any other commercial enterprise.

Obviously, they are mainly concerned with the risk involved. Banks would rather finance a project which is underway and making money than one which is still in the planning stages or operating at a loss. Banks evaluate an application in these ways: they analyze past performance; they observe the existing management's capability; they look at the projected performance; they take into account the owners' capital investment.

The relationship between the principals and the bank is usually significant in the success of a loan or mortgage application. Where there is an established relationship, there is a greater likelihood that the loan will be approved.

Although banks are often unwilling to grant first mortgage loans, they are excellent sources for working capital and short-term development loans which are secured by relatively liquid collateral - accounts receivable, inventories, marketable securities, etc.

B. Trust Companies

Mortgages, Securities

In the past, trust companies have granted many loans to tourist operators. They have basically the same lending policies as banks, but usually look more closely at the property's money-making potential than at the extent of the risk.

Trust companies finance real estate purchases more regularly than banks do. But they cannot be expected to lend to an enterprise which has little or no capital investment by the owners. Therefore, to avoid being turned down, (which can hinder your future applications elsewhere) you should be thoroughly familiar with the lending policies of the trust companies.

C. Insurance Companies

Mortgages, Lease-backs,
Bonds, Debentures

Insurance companies have become more interested in real estate investment in recent years. This is in part because the increased volume of premiums has provided more capital for investment. They seem to prefer major hotel chains and franchise groups which operate under lease or management contract, generally lending large amounts of capital. If you choose a familiar chain, you will usually be more successful in applying for a real estate loan.

D. Finance Companies

Short and Medium-Term Loans

Finance companies are an excellent source of second mortgage financing and interim capital. In the past, they took the position of an interim lender. Now, however, they are taking on more real estate financing, in order to compete with the broadened lending policies of banks and trust companies. As with banks and trust companies, finance companies investigate your personal financial status. They are usually impressed if you carry sufficient life insurance, live within your means and meet your obligations promptly.

In particular, they consider your record of meeting loan commitments on time and your management competence. They are especially convinced if they know that, on occasion, you have paid off loans before the due date.

E. Mortgage Brokers

Consulting, Referral to
Sources of Funds

Because of today's sophisticated real estate financing, it is sometimes wise to consult a mortgage broker for up-to-date advice on the various ways to finance an existing property or purchase a new one. Mortgage brokers usually have access to sources of venture capital that you may not know about. They also know the policies of major lending institutions which enables them to structure your financial needs.

It is important to choose an experienced and reputable mortgage broker since this can affect your future capital and operational financing.

F. Venture Capital Companies Holding Companies

Long-Term, Risk Capital
(Equity Financing)

Venture capital firms usually prefer minority equity, leaving the management with control of the company. In start-ups and special situations, venture capital companies may control the business until certain performance standards are met, at which point control reverts to management according to an agreed on formula.

If a venture capital company controls more than 50% of a business, it becomes a holding company.

Canadian venture capital corporations and holding companies are listed in the "Sources of Funds Index", published quarterly. To obtain a copy of the Index, contact:

S.B. Capital
85 Bloor Street West
Suite 506
Toronto, Ontario
M4W 1A9
(416) 967-5439

G. Franchise Agreements

Start-up, Equity
Participation

The franchisee benefits from easier financing, management knowledge, experience and, usually, advertising support.

H. Leasing

Capital Funding
(Start-up) Assistance

The lessor provides capital funds for land, buildings or equipment. The lessee provides the management skills. Most leases of land and building together are based on a percentage of the gross sales, with a minimum rent clause to provide the lessor enough of an annual return to cover his debt retirement.

Alternatively, a potential operator builds the facility and sells it to an investor, who then leases it back to the operator. This is called sales-leaseback.

| | |
|--|--|
| I. Management Consulting Firms | Referral to Sources |
| J. Law Firms, Architectural Firms | Referral to Sources or Equity Participation |
| K. Accounting Firms | Referral to Sources or Equity Participation Tax Planning |
| L. Doctors | Referral to Sources or Equity Participation |
| M. Family, Friends, Employees | Personal Loans, Equity Participation |
| N. Partnerships, Joint Ventures | Personal Loans, Equity Participation |
| O. Suppliers, Builders, Leasing Firms | Trade Credit, Equity Participation |
| P. Real Estate Firms | Buy-out, Turn-arounds Referral to Sources |
| Q. Going Public | Where Stock Issue is at least \$1 million |

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FINANCING FOR TOURISM GROWTH GOVERNMENT PROGRAMS

Attached is a summary of government programs that may be applicable to your project. Please contact the appropriate agency for specific program eligibility and application procedures.

**ONTARIO MINISTRY OF
TOURISM AND RECREATION**



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**MINISTRY OF TOURISM AND RECREATION
OPERATIONS DIVISION**

The Ministry of Tourism and Recreation operates offices throughout the province of Ontario, providing a business advisory service to existing and prospective tourist operators.

Tourism consultants are available to counsel on proposals, help identify possible sources of funds, etc., without cost. Contact the office nearest you for further information.

EASTERN REGION

4th Floor, 10 Rideau Street
Ottawa, Ontario
K1N 9J1
(613) 566-3725

Suite 304, 1055 Princess St.
Kingston, Ontario
K7L 5T3
(613) 545-4350

2211 Parkedale Avenue
Brockville, Ontario
K6V 6B2
(613) 342-5522

305 Stewart Street
Peterborough, Ontario
K9J 3N2
(705) 748-3711

CENTRAL REGION

8th Floor, 700 Bay Street
Toronto, Ontario
M5G 1Z6
(416) 965-9940

114 Worsley Street
Barrie, Ontario
L4M 1M1
(705) 737-3301

Suite 404, 15 Church Street
St. Catharines, Ontario
L2R 3B5
(416) 684-2345

114 Main Street East
Huntsville, Ontario
POA 1K0
(705) 789-4448

SOUTHWESTERN REGION

Suite 601-255 Dufferin Avenue
London, Ontario
N6A 5K6
(519) 679-7156

6th Floor, 250 Windsor Avenue
Windsor, Ontario
N9A 6V9
(519) 256-4919

4th Floor, 30 Duke Street West
Kitchener, Ontario
N2H 3W5
(519) 578-3600

Suite 104-1131 Second Ave. East
Owen Sound, Ontario
N4K 2J1
(519) 376-3875

NORTHEAST REGION

4th Floor, 199 Larch Street
Sudbury, Ontario
P3E 5P9
(705) 675-4346

2nd Floor, 22 Wilcox Street
Timmins, Ontario
P4N 3K6
(705) 267-7117

120 Huron Street
Sault Ste. Marie, Ontario
P6A 1P8
(705) 253-1103

2nd Floor, 147 McIntyre St. West
North Bay, Ontario
P1B 2Y5
(705) 474-0702

NORTHWEST REGION

3rd Floor, 435 S. James Street
Thunder Bay, Ontario
P7E 5G6
(807) 475-1325

479 Government Road
Dryden, Ontario
P8N 3B3
(807) 223-2271

808 Robertson Street
Kenora, Ontario
P9N 3X9
(807) 468-6481

616 Mowat Avenue
Fort Frances, Ontario
P9A 1Z3
(807) 274-3259

**MINISTRY OF TOURISM AND RECREATION/
DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION**

PROGRAM

CANADA-ONTARIO TOURISM DEVELOPMENT PROGRAM.

PURPOSE

To encourage the development of internationally competitive tourism travel generators and to attract more private sector investment in the development of tourism.

ELIGIBLE PROJECTS

- (1) Development of major year-round destination resorts, attractions and other travel generators of provincial significance.
- (2) Planning studies to identify tourism development options within a community or area.
- (3) Feasibility studies related to travel generators.
- (4) Marketing and promotion of travel generators which have been assisted under program.
- (5) Projects should be located outside Metropolitan Toronto.

TYPE OF ASSISTANCE

- (1) For Capital Assistance in product development; combined provincial and federal contributions not exceeding 50% of eligible project costs.
- (2) For planning and feasibility study assistance; combined provincial and federal contributions not exceeding 75% of eligible costs.
- (3) Terms and conditions of contributions to be negotiated according to the needs of the project.

ADMINISTRATION

- (1) The program is scheduled to terminate October 31, 1989.
- (2) Equity to Liabilities ratio should not be less than 20% on a pro-forma basis.
- (3) Controlling shareholders should provide minimum of 50% of the required equity.

CONTACT

For specific program information and application procedures, contact:

Ministry of Tourism and Recreation
Tourism Development Branch
10th Floor, 77 Bloor Street W.
Toronto, Ontario
M7A 2R9
(416) 965-4255

Department of Regional Industrial Expansion
P.O. Box 98
1 First Canadian Place,
Suite 4840
Toronto, Ontario
M5X 1B1
(416) 365-3737

or your district office of the Ministry of Tourism and Recreation (see the blue pages of your phone book).

**MINISTRY OF TOURISM AND RECREATION/
ONTARIO DEVELOPMENT CORPORATIONS**

PROGRAM

TOURISM REDEVELOPMENT INCENTIVE PROGRAM (T.R.I.P.)

PURPOSE

To encourage economic development and employment growth by providing selective financial assistance for the establishment of new tourism facilities, as well as the expansion and renovation of existing establishments.

ELIGIBLE PROJECTS

Renovation, expansion or new start-up of fixed roof accommodation facilities, tourist attractions, campgrounds and marinas located outside of Metropolitan Toronto. Priority will be given to applicants participating in Tourism Ontario's Grading Program. For major expansions and new establishments, applications must be accompanied by a plan of access for disabled persons.

TYPE OF ASSISTANCE

- (1) Funding assistance is available in the form of loan guarantees and interest subsidies. The maximum amount for new developments is \$1,000,000. The maximum amount for renovation or expansion of existing operations is \$750,000.
- (2) Loan guarantees are for 90% of the outstanding principle amount with a maximum term of 15 years.
- (3) An interest subsidy **may** also be provided
 - the standard subsidy is 5% of the principle amount outstanding each year for five years, then decreasing by 1% each year thereafter until it is 0% in year 10.
 - the flexible subsidy can be any interest rate up to 8% provided that the present value (or discounted cash flow) of the flexible subsidy does not exceed the present value (or discounted cash flow) of the standard subsidy on the same loan amount.

ADMINISTRATION

- (1) Applicant must demonstrate need for public funding assistance.
- (2) Each project will be assessed against various regional and social considerations to ensure its overall compatibility with the province's economic priorities.
- (3) The assistance available is selective and is generally geared toward businesses with sound management, of competitive products, and strong potential.
- (4) Eligible projects will be evaluated by both the Ministry of Tourism and Recreation and the appropriate Ontario Development Corporation.
- (5) The program is administered by the appropriate Ontario Development Corporation.

CONTACT

Application can be made through any of the offices listed below. It is advised to discuss your project in advance with a Tourism Consultant at your local Ministry of Tourism and Recreation office (see the blue pages of your telephone book).

ONTARIO DEVELOPMENT CORPORATION

P.O. Box 2112
119 King Street West
Hamilton, Ontario
L8N 3Z9
(416) 521-7785

Suite 606, 195 Dufferin Avenue
London, Ontario
N6A 1K7
(519) 433-2871

201 City Centre Drive
Suite 608
Mississauga, Ontario
L5B 2T4
(416) 279-9150

Suite 507, 305 King Street West
Canada Trust Building
Kitchener, Ontario
N2G 1B9
(519) 744-1991

73 Mississauga Street East
P.O. Box 746
Orillia, Ontario
L3V 6K7
(705) 325-5553

5 Fairview Mall Drive
Suite 480
Willowdale, Ontario
M2J 2Z1
(416) 491-7996

NORTHERN ONTARIO DEVELOPMENT CORPORATION

4th Floor, 199 Larch Street
Sudbury, Ontario
P3E 5P9
(705) 675-4333

435 James Street S., 3rd Floor
Thunder Bay, Ontario
P7C 5G6
(807) 475-1671

273 Third Avenue, Suite 200
Timmins, Ontario
P4N 1E2
(705) 264-1323

EASTERN ONTARIO DEVELOPMENT CORPORATION

Suite 404, 56 Sparks Street
Ottawa, Ontario
K1P 5A9
(613) 566-3707

Suite 308, 1055 Princess Street
Kingston, Ontario
K7L 5T3
(613) 545-4445

139 George Street North
Peterborough, Ontario
K9J 3G6
(705) 742-3490

**MINISTRY OF TOURISM AND RECREATION/
ONTARIO DEVELOPMENT CORPORATIONS**

PROGRAM

TOURISM TERM LOAN PROGRAM

To encourage economic development and employment growth by providing selective financial assistance for the establishment of new tourism facilities, as well as the expansion and renovation of existing establishments.

ELIGIBLE PROJECTS

Renovation, expansion or new start-up of tourist facilities including roofed tourist accommodation, tourist attractions, tourist campgrounds and tourist marinas located in the province of Ontario, but outside of Metropolitan Toronto. Priority will be given to applicants participating in Tourism Ontario's Grading Program. For major expansions and new establishments, applications must be accompanied by a plan of access for disabled persons.

TYPE OF ASSISTANCE

Funding is in the form of direct loans up to \$500,000 at an interest rate 2% below the Ontario Development Corporation's base lending rate or a term of up to 15 years.

ADMINISTRATION

- (1) Application must demonstrate need for public funding assistance.
- (2) Each project will be assessed against various regional and social considerations to ensure its overall compatibility with the province's economic priorities.
- (3) The assistance available is highly selective and is generally geared toward businesses with sound management, of competitive products, and strong potential.
- (4) Eligible projects will be evaluated by both the Ministry of Tourism and Recreation and the appropriate Ontario Development Corporation.
- (5) The program is administered by the appropriate Ontario Development Corporation.

CONTACT

Specific details and application can be made through any of the offices listed below. It is advised to discuss your project in advance with a Tourism Consultant at your local Ministry of Tourism and Recreation office (see the blue pages of your telephone book).

ONTARIO DEVELOPMENT CORPORATION

P.O. Box 2112
119 King Street West
Hamilton, Ontario
L8N 3Z9
(416) 521-7785

Suite 606, 195 Dufferin Avenue
London, Ontario
N6A 1K7
(519) 433-2871

201 City Centre Drive
Suite 608
Mississauga, Ontario
L5B 2T4
(416) 279-9150

Suite 507, 305 King Street West
Canada Trust Building
Kitchener, Ontario
N2G 1B9
(519) 744-1991

73 Mississauga Street East
P.O. Box 746
Orillia, Ontario
L3V 6K7
(705) 325-5553

5 Fairview Mall Drive
Suite 480
Willowdale, Ontario
M2J 2Z1
(416) 491-7996

NORTHERN ONTARIO DEVELOPMENT CORPORATION

4th Floor, 199 Larch Street
Sudbury, Ontario
P3E 5P9
(705) 675-4333

435 James Street S., 3rd Floor
Thunder Bay, Ontario
P7C 5G6
(807) 475-1671

273 Third Avenue, Suite 200
Timmins, Ontario
P4N 1E2
(705) 264-1323

EASTERN ONTARIO DEVELOPMENT CORPORATION

Suite 404, 56 Sparks Street
Ottawa, Ontario
K1P 5A9
(613) 566-3707

Suite 308, 1055 Princess Street
Kingston, Ontario
K7L 5T3
(613) 545-4445

139 George Street North
Peterborough, Ontario
K9J 3G6
(705) 742-3490

**MINISTRY OF TOURISM AND RECREATION/
ONTARIO DEVELOPMENT CORPORATIONS**

PROGRAM

GRADING ASSISTANCE LOAN PROGRAM

PURPOSE

To encourage the renovation and upgrading of existing accommodation establishments.

ELIGIBLE PROJECTS

Tourist accommodation facilities in possession of a "Tourism Ontario Report on Establishment Upgrading" certificate and with annual revenues of less than \$1,500,000. The operation may be located anywhere in Ontario. Priority will be given to projects which address the needs of the handicapped and disabled.

TYPE OF ASSISTANCE

Funding is in the form of a direct loan up to \$100,000, at an interest rate 2% below the Ontario Development Corporation's base lending rate for a term of up to 8 years.

ADMINISTRATION

- (1) Funding will only be provided to those tourism property upgrading projects which have **not** been initiated prior to receipt **and** approval of an official application by Ontario Development Corporation officers.
- (2) Borrowers must remain in the Tourism Ontario Accommodation Grading Program for at least the period that their loan is outstanding.
- (3) Recipients may choose a monthly repayment schedule or make five payments between June 15 and October 15 (accruing principle and interest during traditional slow months).
- (4) Simplified loan agreement, speedy funds disbursement.

CONTACT

Application can be made through any of the offices listed below. It is advised to discuss your project in advance with a Tourism Consultant at your local Ministry of Tourism and Recreation office (see the blue pages of your telephone book).

ONTARIO DEVELOPMENT CORPORATION

P.O. Box 2112
119 King Street West
Hamilton, Ontario
L8N 3Z9
(416) 521-7785

Suite 606, 195 Dufferin Avenue
London, Ontario
N6A 1K7
(519) 433-2871

201 City Centre Drive
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Mississauga, Ontario
L5B 2T4
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Suite 507, 305 King Street West
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73 Mississauga Street East
P.O. Box 746
Orillia, Ontario
L3V 6K7
(705) 325-5553

5 Fairview Mall Drive
Suite 480
Willowdale, Ontario
M2J 2Z1
(416) 491-7996

NORTHERN ONTARIO DEVELOPMENT CORPORATION

4th Floor, 199 Larch Street
Sudbury, Ontario
P3E 5P9
(705) 675-4333

273 Third Avenue, Suite 200
Timmins, Ontario
P4N 1E2
(705) 264-1323

435 James Street S., 3rd Floor
Thunder Bay, Ontario
P7C 5G6
(807) 475-1671

EASTERN ONTARIO DEVELOPMENT CORPORATION

Suite 404, 56 Sparks Street
Ottawa, Ontario
K1P 5A9
(613) 566-3707

139 George Street North
Peterborough, Ontario
K9J 3G6
(705) 742-3490

Suite 308, 1055 Princess Street
Kingston, Ontario
K7L 5T3
(613) 545-4445

MINISTRY OF TOURISM AND RECREATION

PROGRAM

DESTINATIONS EAST - MARKETING ASSISTANCE

PURPOSE

- (1) To attract more visitation to Eastern Ontario
- (2) To encourage more and better marketing on the part of the existing commercial tourism establishments.

ELIGIBLE PROJECTS

Incremental marketing costs by roofed tourist accommodation, tourist campgrounds, tourist marinas and tourist attractions.

Facility must be located in the United Counties of Stormont, Dundas and Glengarry, the United Counties of Prescott and Russell, the Regional Municipality of Ottawa-Carleton, the United Counties of Leeds and Grenville and the Counties of: Frontenac, Hastings, Lanark, Lennox and Addington, Prince Edward, Renfrew, Peterborough, Haliburton, Victoria and Northumberland.

TYPE OF ASSISTANCE

Eligible businesses may receive non-repayable contributions for up to 50% of eligible incremental marketing costs in excess of \$1,500 (maximum contribution \$50,000).

ADMINISTRATION

Each proposal will be evaluated by the Ministry of Tourism and Recreation.

The proposed marketing plan must demonstrate that it will improve the viability of the tourist operation.

CONTACT

Application procedures and specific program information can be obtained from the Ministry of Tourism and Recreation offices listed below.

4th Floor, 10 Rideau Street
Ottawa, Ontario
K1N 9J1
(613) 566-3725
1-800-267-9340

2211 Parkedale Avenue
Brockville, Ontario
K6V 6B2
(613) 342-5522
1-800-267-8138

Suite 304, 1055 Princess St.
Kingston, Ontario
K7L 5T3
(613) 545-4350
1-800-267-0225

305 Stewart Street
Peterborough, Ontario
K9J 3N2
(705) 748-3711
1-800-461-7629

MINISTRY OF TOURISM AND RECREATION

PROGRAM

DESTINATIONS EAST - PLANNING AND FEASIBILITY STUDIES

PURPOSE

- (1) To identify opportunities for tourism development.
- (2) To establish financial viability of given projects.

ELIGIBLE PROJECTS

- (1) Planning studies sponsored by municipalities.
- (2) Feasibility studies sponsored by operators, developers, and/or municipalities for locations in the United Counties of Stormont, Dundas and Glengarry, the United Counties of Prescott and Russell, the Regional Municipality of Ottawa-Carleton, the United Counties of Leeds and Grenville and the Counties of: Frontenac, Hastings, Lanark, Lennox and Addington, Prince Edward, Renfrew, Peterborough, Haliburton, Victoria and Northumberland.

TYPE OF ASSISTANCE

- (1) Municipalities may receive non-repayable contributions up to 50% of eligible costs (maximum \$40,000) towards conducting planning studies.
- (2) Municipalities, operators and developers may receive non-repayable contributions of up to 50% of eligible costs (maximum \$25,000) towards feasibility studies.

ADMINISTRATION

Each proposal will be evaluated by the Ministry of Tourism and Recreation.

The project must be of regional significance.

The proponent must be able to demonstrate that he/she is financially capable of successfully implementing the positive recommendation generated by the proposed study.

CONTACT

Application procedures and specific program information can be obtained from the Ministry of Tourism and Recreation offices listed below.

4th Floor, 10 Rideau Street
Ottawa, Ontario
K1N 9J1
(613) 566-3725
1-800-267-9340

2211 Parkedale Avenue
Brockville, Ontario
K6V 6B2
(613) 342-5522
1-800-267-8138

Suite 304, 1055 Princess St.
Kingston, Ontario
K7L 5T3
(613) 545-4350
1-800-267-0225

305 Stewart Street
Peterborough, Ontario
K9J 3N2
(705) 748-3711
1-800-461-7629

MINISTRY OF TOURISM AND RECREATION

PROGRAM

DESTINATIONS EAST - COMMERCIAL TOURIST MARINAS

PURPOSE

To attract more private investment in the improvement of commercial marinas.

ELIGIBLE PROJECTS

Renovations, transient dockage, service facilities and/or changes for environmental reasons of commercial marinas.

Facility must be located in the United Counties of Stormont, Dundas and Glengarry, the United Counties of Prescott and Russell, the Regional Municipality of Ottawa-Carleton, the United Counties of Leeds and Grenville and the Counties of: Frontenac, Hastings, Lanark, Lennox and Addington, Prince Edward, Renfrew, Peterborough, Haliburton, Victoria and Northumberland.

Priority will be given to projects which address the needs of the handicapped and disabled.

TYPE OF ASSISTANCE

- (1) The assistance is in the form of incentive loans, interest and principle payment free for up to five years, to be repaid over a period of up to 10 years following the interest-free period at an interest rate of 2% below the prevailing O.D.C. base rate.
- (2) Funding is available for up to 50% of approved project costs★ (maximum \$100,000).
★ Approved capital costs mean depreciable capital expenditures and associated soft costs, not including working capital, pre-opening expenses, inventory or cost of land.
- (3) Total assistance from this program, plus the outstanding balance of previous O.D.C. assistance, cannot exceed \$500,000

ADMINISTRATION

Each proposal will be evaluated by the Ministry of Tourism and Recreation and the Eastern Ontario Development Corporation.

CONTACT

Application procedures and specific program information can be obtained from the Ministry of Tourism and Recreation offices listed below.

4th Floor, 10 Rideau Street
Ottawa, Ontario
K1N 9J1
(613) 566-3725
1-800-267-9340

Suite 304, 1055 Princess St.
Kingston, Ontario
K7L 5T3
(613) 545-4350
1-800-267-0225

2211 Parkedale Avenue
Brockville, Ontario
K6V 6B2
(613) 342-5522
1-800-267-8138

305 Stewart Street
Peterborough, Ontario
K9J 3N2
(705) 748-3711
1-800-461-7629

MINISTRY OF TOURISM AND RECREATION

PROGRAM

DESTINATIONS EAST - CAPITAL ASSISTANCE

PURPOSE

To attract more private investment in the improvement of small and medium sized tourism facilities.

ELIGIBLE PROJECTS

Improvements and expansions of tourist accommodations, tourist campgrounds, tourist attractions and commercial ski operations.

Facility must be located in the United Counties of Stormont, Dundas and Glengarry, the United Counties of Prescott and Russell, the Regional Municipality of Ottawa-Carleton, the United Counties of Leeds and Grenville and the Counties of: Frontenac, Hastings, Lanark, Lennox and Addington, Prince Edward, Renfrew, Peterborough, Haliburton, Victoria and Northumberland.

Priority will be given to applicants participating in Tourism Ontario's Grading Program and for projects which address the needs of the handicapped and disabled.

TYPE OF ASSISTANCE

- (1) The assistance is in the form of incentive loans, interest and principle payment free for up to five years, to be repaid over a period of up to 10 years following the interest-free period, at an interest rate of 2% below the prevailing O.D.C. base rate.
- (2)
 - a) For renovations, including winterization of facilities, addition of recreational amenities, non-revenue producing capital expenditures and infrastructure
 - up to 50% of the approved project costs★ or \$100,000, whichever is less.
 - b) For expansion of other facilities
 - up to 50% of approved project costs★ or \$150,000, whichever is less.

★ Approved capital costs mean depreciable capital expenditures and associated soft costs not including working capital, pre-opening expenses, inventory or cost of land.
- (3) Total assistance from the program, plus the outstanding balance of previous O.D.C. assistance, cannot exceed \$500,000.

ADMINISTRATION

Each proposal will be evaluated by the Ministry of Tourism and Recreation and the Eastern Ontario Development Corporation.

CONTACT

Application procedures and specific program information can be obtained from the Ministry of Tourism and Recreation offices listed below.

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305 Stewart Street
Peterborough, Ontario
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(705) 748-3711
1-800-461-7629

MINISTRY OF TOURISM AND RECREATION

PROGRAM

DESTINATIONS EAST - FESTIVALS AND SPECIAL EVENTS

PURPOSE

To attract more visitation to Eastern Ontario.

ELIGIBLE PROJECTS

New and existing festivals and special events sponsored by non-profit organizations and municipalities.

Festival or event must be located in the United Counties of Stormont, Dundas and Glengarry, the United Counties of Prescott and Russell, the Regional Municipality of Ottawa-Carleton, the United Counties of Leeds and Grenville and the Counties of: Frontenac, Hastings, Lanark, Lennox and Addington, Prince Edward, Renfrew, Peterborough, Haliburton, Victoria and Northumberland.

The project must be of regional significance.

Priority will be given to projects which address the needs of the handicapped and disabled.

TYPE OF ASSISTANCE

Funding will take the form of a non-repayable contribution for up to 50% of eligible costs (maximum \$50,000).

ADMINISTRATION

Each proposal will be evaluated by the Ministry of Tourism and Recreation.

CONTACT

Application procedures and specific program information can be obtained from the Ministry of Tourism and Recreation offices listed below.

4th Floor, 10 Rideau Street
Ottawa, Ontario
K1N 9J1
(613) 566-3725
1-800-267-9340

Suite 304, 1055 Princess St.
Kingston, Ontario
K7L 5T3
(613) 545-4350
1-800-267-0225

2211 Parkedale Avenue
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1-800-267-8138

305 Stewart Street
Peterborough, Ontario
K9J 3N2
(705) 748-3711
1-800-461-7629

MINISTRY OF TOURISM AND RECREATION

PROGRAM

DESTINATIONS EAST - INVESTMENT SOURCING

PURPOSE

To identify and attract more private investment capital for the development of tourism in Eastern Ontario.

ELIGIBLE PROJECTS

Municipal or private sector activities directed at the investment marketplace including investment missions.

Proposed investment opportunity must be located in the United Counties of Stormont, Dundas and Glengarry, the United Counties of Prescott and Russell, the Regional Municipality of Ottawa-Carleton, the United Counties of Leeds and Grenville and the Counties of: Frontenac, Hastings, Lanark, Lennox and Addington, Prince Edward, Renfrew, Peterborough, Haliburton, Victoria and Northumberland.

TYPE OF ASSISTANCE

Funding will take the form of non-repayable contributions of up to 75% of approved municipal costs (maximum \$50,000) and up to 50% of approved private sector costs (maximum \$50,000).

ADMINISTRATION

Each proposal will be evaluated by the Ministry of Tourism and Recreation.

CONTACT

Application procedures and specific program information can be obtained from the Ministry of Tourism and Recreation offices listed below.

4th Floor, 10 Rideau Street
Ottawa, Ontario
K1N 9J1
(613) 566-3725
1-800-267-9340

Suite 304, 1055 Princess St.
Kingston, Ontario
K7L 5T3
(613) 545-4350
1-800-267-0225

2211 Parkedale Avenue
Brockville, Ontario
K6V 6B2
(613) 342-5522
1-800-267-8138

305 Stewart Street
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K9J 3N2
(705) 748-3711
1-800-461-7629

MINISTRY OF TOURISM AND RECREATION

PROGRAM

DESTINATIONS EAST - MAJOR CAPITAL PROJECTS

PURPOSE

To develop major travel generators of international significance.

ELIGIBLE PROJECTS

Expansions or new attractions, destination facilities, infrastructure, or waterfront developments that will become major international tourism generators. May be both public (provincial) or private sector initiatives.

Projects must be located in the United Counties of Stormont, Dundas and Glengarry, the United Counties of Prescott and Russell, the Regional Municipality of Ottawa-Carleton, the United Counties of Leeds and Grenville and the Counties of: Frontenac, Hastings, Lanark, Lennox and Addington, Prince Edward, Renfrew, Peterborough, Haliburton, Victoria and Northumberland.

Priority will be given to applicants participating in Tourism Ontario's Grading program and for projects which address the needs of the handicapped and disabled.

TYPE OF ASSISTANCE

Type and amount of assistance to be assessed for each project.

ADMINISTRATION

- (1) Each proposal must be approved at Ontario Cabinet level.
- (2) Applications will be evaluated by the Ministry of Tourism and Recreation and the Eastern Ontario Development Corporation.

CONTACT

Application procedures and specific program information can be obtained from the Ministry of Tourism and Recreation offices listed below.

4th Floor, 10 Rideau Street
Ottawa, Ontario
K1N 9J1
(613) 566-3725
1-800-267-9340

Suite 304, 1055 Princess St.
Kingston, Ontario
K7L 5T3
(613) 545-4350
1-800-267-0225

2211 Parkedale Avenue
Brockville, Ontario
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1-800-267-8138

305 Stewart Street
Peterborough, Ontario
K9J 3N2
(705) 748-3711
1-800-461-7629

MINISTRY OF TOURISM AND RECREATION

PROGRAM

DESTINATIONS NORTH - LARGE SCALE TOURISM DEVELOPMENT

PURPOSE

A program to identify development opportunities for major travel generators which will attract more visitors from longer distances who will in turn stay longer and spend more money.

ELIGIBLE PROJECTS

- (1) Eligible projects could include attractions, major destination facilities and infrastructure services that are tourism related.
- (2) Primarily for projects (public or private) with capital costs in excess of \$1 million.
- (3) Projects must be located within the territorial districts of Northern Ontario: Algoma, Cochrane, Kenora, Manitoulin, Parry Sound, Rainy River, Sudbury, Thunder Bay, Timiskaming, and that portion of the District of Nipissing lying north, west and south of Algonquin Provincial Park, inclusive of the Park.
- (4) Priority will be given to applicants participating in Tourism Ontario's Grading Program and for projects which address the needs of the handicapped and disabled.

TYPE OF ASSISTANCE

Maximum flexibility. Form and Amount of Assistance will be tailored to each project.

ADMINISTRATION

Proposals should be forwarded to northern offices of the Ministry of Tourism and Recreation.

Program will be administered in consultation with the Ministry of Northern Development and Mines, the Northern Ontario Development Corporation, and the Regional Development Councils.

CONTACT

Proposals may be submitted to the Ministry of Tourism and Recreation offices listed below.

199 Larch Street, 4th Floor
Sudbury, Ontario
P3E 5P9
(705) 675-4346

147 McIntyre Street West
2nd Floor
North Bay, Ontario
P1B 2Y5
(705) 472-0702

120 Huron Street
Sault Ste. Marie, Ontario
P6A 1P8
(705) 253-1103

22 Wilcox Street, 2nd Floor
Timmins, Ontario
P4N 3K6
(705) 267-7117

435 James Street South, 3rd Floor
Thunder Bay, Ontario
P7E 5G6
(807) 475-1325

479 Government Road
Dryden, Ontario
P8N 3B3
(807) 223-2271

808 Robertson Street
Kenora, Ontario
P9N 3X9
(807) 468-6481

616 Mowat Avenue
Fort Frances, Ontario
P9A 1Z3
(807) 274-3259

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**MINISTRY OF TOURISM AND RECREATION/
NORTHERN ONTARIO DEVELOPMENT CORPORATION**

PROGRAM

DESTINATIONS NORTH -- CAPITAL ASSISTANCE PROGRAM

PURPOSE

To encourage more investment in the Northern Ontario tourism industry, stimulate job creation and increase visitation which will result in increased tourist expenditures and a reduction of Ontario's travel deficit.

ELIGIBLE PROJECTS

To be eligible for consideration under this program,

- (1) The project shall be located within the territorial districts of Northern Ontario: Algoma, Cochrane, Kenora, Manitoulin, Parry Sound, Rainy River, Sudbury, Thunder Bay, Timiskaming, and that portion of the District of Nipissing lying north, west and south of Algonquin Provincial Park, inclusive of the Park. Special consideration will be given to operations located in designated opportunity areas.
- (2) The project shall be a commercial private sector venture which may include:
 - a) a licensed roofed accommodation establishment
 - b) a tourist attraction
 - c) a tourist marina
 - d) a tourist outfitter or fly-in service.
- (3) Priority will be given to applicants participating in Tourism Ontario's Grading Program and for projects which address the needs of the handicapped and disabled.

TYPE OF ASSISTANCE

- (1) The assistance is in the form of incentive loans, interest and principal payment free for up to five years, to be repaid over a period of up to 10 years following the interest-free period, at an interest rate of 2% below the prevailing O.D.C. base rate.
- (2)
 - a) For renovations, including winterization of facilities, addition of recreational amenities, non-revenue producing capital expenditures and infrastructure.
 - Up to 50% of the approved capital costs★ or \$100,000, whichever is less.
 - b) For expansions
 - Up to 50% of the approved capital costs★ or \$200,000, whichever is less.
 - c) For new tourist accommodation facilities and attractions only.
 - Up to \$500,000
- ★ Approved capital costs mean depreciable capital expenditures and associated soft costs, not including working capital, pre-opening expenses, inventory or cost of land.
- (3) Total assistance from this program plus outstanding balance of previous O.D.C. assistance cannot exceed \$500,000.

ADMINISTRATION

- (1) The project shall indicate satisfactory commercial and financial viability.
- (2) The project shall provide additional net economic benefits relative to the local situation without creating any significant adverse impact upon competitors.
- (3) An applicant shall demonstrate competent management will be in place to operate the project.
- (4) The project shall require assistance to proceed. Start of construction prior to approval of the application for assistance may render the project ineligible for funding.
- (5) Application forms are available from M.T.R. Northern field offices.
- (6) Applications will be jointly evaluated by N.O.D.C. and M.T.R.

CONTACT

Applications should be submitted to the Ministry of Tourism and Recreation offices listed below.

MINISTRY OF TOURISM & RECREATION

199 Larch Street, 4th Floor
Sudbury, Ontario
P3E 5P9
(705) 675-4346

147 McIntyre Street West
2nd Floor
North Bay, Ontario
P1B 2Y5
(705) 472-0702

120 Huron Street
Sault Ste. Marie, Ontario
P6A 1P8
(705) 253-1103

22 Wilcox Street, 2nd Floor
Timmins, Ontario
P4N 3K6
(705) 267-7117

435 James Street South, 3rd Floor
Thunder Bay, Ontario
P7E 5G6
(807) 475-1325

479 Government Road
Dryden, Ontario
P8N 3B3
(807) 223-2271

808 Robertson Street
Kenora, Ontario
P9N 3X9
(807) 468-6481

616 Mowat Avenue
Fort Frances, Ontario
P9A 1Z3
(807) 274-3259

**MINISTRY OF TOURISM AND RECREATION/
NORTHERN ONTARIO DEVELOPMENT CORPORATION**

PROGRAM

DESTINATIONS NORTH - WORKING CAPITAL ASSISTANCE PROGRAM

PURPOSE

To assist Tourist Operators in meeting fluctuating working capital requirements and unexpected expenses, thereby avoiding temporary cash shortages which might adversely affect the business operation.

ELIGIBLE PROJECTS

To be eligible for consideration under this program,

- (1) The operation shall be located within the territorial districts of Northern Ontario: Algoma, Cochrane, Kenora, Manitoulin, Parry Sound, Rainy River, Sudbury, Thunder Bay, Timiskaming, and that portion of the District of Nipissing lying north, west and south of Algonquin Provincial Park, inclusive of the Park. Special consideration will be given to operations located in designated opportunity areas.
- (2) The operation shall be a commercial private sector venture which may include:
 - (a) a licensed roofed accommodation establishment
 - (b) a tourist attraction,provided that,
- (3) The gross revenues of the eligible business do not exceed \$1 million on an annual basis,
- (4) The funds are not available from conventional lenders at reasonable terms and conditions,
- (5) The business is a viable enterprise and ability to repay can be demonstrated,
- (6) The business has not received any assistance under the Destinations North - Capital Constructions Assistance program.
- (7) Priority will be given to applicants participating in Tourism Ontario's Grading Program and for projects which address the needs of the handicapped and disabled.

TYPE OF ASSISTANCE

Assistance will be in the form of a term loan of up to five years. The interest rate will be at 2% below the prevailing O.D.C. base rate. The minimum amount will be \$5,000. The maximum amount will be \$50,000.

ADMINISTRATION

- (1) Working Capital is defined as including pre-opening expenses, inventory, general maintenance and repair costs, employee wages, operating expenses in general and costs of an extraordinary nature incurred in operations. For the purpose of this program, marketing, advertising and promotion expenses are not considered to be working capital requirements.

- (2) Application forms are available from M.T.R. field offices.
- (3) All applications will be jointly evaluated by N.O.D.C. and M.T.R.
- (4) Security will take the form of a Promissory Note.

CONTACT

Applications should be submitted to the Ministry of Tourism and Recreation offices listed below.

MINISTRY OF TOURISM & RECREATION

199 Larch Street, 4th Floor
Sudbury, Ontario
P3E 5P9
(705) 675-4346

147 McIntyre Street West
2nd Floor
North Bay, Ontario
P1B 2Y5
(705) 472-0702

120 Huron Street
Sault Ste. Marie, Ontario
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(705) 253-1103

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P4N 3K6
(705) 267-7117

435 James Street South, 3rd Floor
Thunder Bay, Ontario
P7E 5G6
(807) 475-1325

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Dryden, Ontario
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(807) 223-2271

808 Robertson Street
Kenora, Ontario
P9N 3X9
(807) 468-6481

616 Mowat Avenue
Fort Frances, Ontario
P9A 1Z3
(807) 274-3259

MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY

PROGRAM

NEW VENTURES

PURPOSE

- (1) To promote success for new businesses
- (2) To provide new businesses access to funding through loan guarantees
- (3) To ensure entrepreneurs have fully searched their ideas by means of a comprehensive business plan.

ELIGIBLE PROJECTS

Program limited to

- New businesses or ones that have been registered or incorporated less than three months prior to application.
- Individual(s) or business applying for loan must not have received a prior New Ventures nor a Youth Ventures loan.
- Funds may not be used to establish a professional (doctor, lawyer, dentist, etc.) practice nor to operate a farm.
- Applicants must be Ontario residents, aged 18 or older and eligible to work in Canada.

TYPE OF ASSISTANCE

Up to \$15,000 where cash equity from the applicant equals:

- at least 50% of amount requested if project is located in Northern or Eastern Ontario;
- at least equal to the amount requested if the project is located in the rest of the province.

Funds are made available via participating financial institutions. Loans are guaranteed by the Ontario Government.

Interest is either a floating rate of prime, plus one percent, or a fixed rate, negotiated with the financial institution.

ADMINISTRATION

The New Ventures Program is administered by the Ministry of Industry, Trade and Technology.

Application is submitted to a participating financial institution.

An answer to your application should be received within two weeks.

CONTACT

For specific program details, contact:

Ministry of Industry, Trade and Technology
Small Business Hotline
Call toll free: 1-800-387-6142

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MINISTRY OF REVENUE

PROGRAM

SMALL BUSINESS DEVELOPMENT CORPORATIONS (SBDC)

PURPOSE

To assist in the start-up and growth phases of Canadian controlled corporations located in Ontario.

ELIGIBLE PROJECTS (as relating to tourism)

- (1) Tourism facilities such as hotels, motels and resorts that primarily provide overnight accommodation; and tourist attractions or recreational facilities designed for, and principally used by tourists may qualify for SBDC Investments.
- (2) Business eligible for investment must have no more than 150 employees (average over preceding 12 month period).
- (3) At least 75% of wages and salaries must be paid in respect of operations in Ontario.
- (4) Businesses must be Canadian controlled corporations.

TYPE OF ASSISTANCE

- (1) Up to \$5 million equity investment in approved businesses from any number of SBDC's.

ADMINISTRATION

- (1) One or more SBDC's may not, directly or indirectly, hold more than 49% of the equity in the eligible business.
- (2) The eligible business must be at arms length of the investing SBDC.
- (3) Investments must **not** be used for the purpose of relending, investment in land, reinvestment outside Canada, nor to purchase securities of other corporations.
- (4) There are incentives granted to the investors in the SBDC when investment is made in an eligible small business.

CONTACT

For further information and assistance in identifying SBDC's interested in tourism investments, contact:

Ministry of Revenue
Small Business Development Corporations Program
33 King Street West
P.O. Box 625
Oshawa, Ontario
L1H 8H9

in metro Toronto, phone: 965-8470
in area code 807, phone: Zenith 8-2000
in area code 416, phone: 1-800-263-7700
elsewhere in Ontario, phone: 1-800-263-3960

Small Business Development Corporation (SBDC)
1000 Main Street, Suite 100
St. Louis, MO 63101
Phone: (314) 434-1234
Fax: (314) 434-5678
Website: www.sbdccorp.com

Small Business Development Corporation (SBDC)
1000 Main Street, Suite 100
St. Louis, MO 63101
Phone: (314) 434-1234
Fax: (314) 434-5678
Website: www.sbdccorp.com

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1000 Main Street, Suite 100
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Fax: (314) 434-5678
Website: www.sbdccorp.com

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Phone: (314) 434-1234
Fax: (314) 434-5678
Website: www.sbdccorp.com

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St. Louis, MO 63101
Phone: (314) 434-1234
Fax: (314) 434-5678
Website: www.sbdccorp.com

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St. Louis, MO 63101
Phone: (314) 434-1234
Fax: (314) 434-5678
Website: www.sbdccorp.com

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